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March 22, 1950

ARA/E - Mr. White

I will not be able to attend the meeting on Friday, but would like to register the following comments:

(a) I am concerned about the means whereby the South American countries would be asked to concur in the establishment of a joint economic commission. I think we should be extremely circumspect in the manner in which we approach these other governments, and that the respective Chiefs-of-Mission should be allowed complete latitude in this respect.

(b) We should bear in mind that there will probably be certain governments to which such a suggestion is not agreeable and in which cases it will probably not be desirable to establish such a commission.

(c) We should recognize that in other instances it is not likely that the respective governments will be willing to take the steps necessary to give maximum effectiveness to the bilateral cooperation envisaged. Where this is likely to be the case, we should be careful that we do not get ourselves in so deeply, in the negotiating stage, that our eventual refusal to proceed to final implementation of a program would seem to constitute a political injury to the government in question. In other words, unless we are fairly sure that things will go smoothly, we should avoid sending a lot of people down to negotiate a program and stirring up a lot of hopes and discussion.

(d) I do not see how we can separate these development programs from the general background of governmental integrity and efficiency and from the treatment given to foreign traders and investors in the past. Where we have no reason to assume that governmental action with regard to international economic operations will be governed in future by anything other than such elements as economic nationalism, intrigue, and individual efforts at self-glorification or enrichment, let us not naively assume that the signature of an agreement for cooperative development program is itself going to alter such a situation very much.

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It is my belief that if the above views are allowed to prevail, the chances for successful Mint IV operation in Latin America will be relatively modest, and the principle may prove to be applicable only to a small minority of the Latin American governments. In my opinion, the appreciation of this fact should underlie our entire approach to the problem.

George F. Kennan

C:GFKennan:dmh

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